

## STATE OF HAWAII DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150 HONOLULU, HAWAII 96810-0150 LAUREL A. JOHNSTON DIRECTOR

KEN N. KITAMURA DEPUTY DIRECTOR

ADMINISTRATIVE AND RESEARCH OFFICE BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION FINANCIAL ADMINISTRATION DIVISION OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

July 19, 2018

## **FINANCE MEMORANDUM**

MEMO NO. 18-12

TO:

All Department Heads

FROM:

EMPLOYEES' RETIREMENT SYSTEM HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND OFFICE OF THE PUBLIC DEFENDER

Laurel A. Johnston

Director of Finance

SUBJECT:

Approved Fringe Benefit Rate for FY 18 and Revised Interim Fringe

Benefit Rate for FY 19

A composite fringe benefit rate (RATE) of 59.08% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 18 (attached). Based on the approved FY 18 RATE, the interim FY 19 RATE has been revised. Until new fringe benefit rates are approved by DHHS, the following revised interim fringe benefit rates for FY 19 will be in effect:

	Approved FY 18 Rate	Interim <u>FY 19 Rate</u>	Revised Interim FY 19 Rate
Pension Accumulation	18.00%	19.00%	19.00%
Pension Administration	0.01%	0.00%	0.01%
Retiree Health Insurance	10.14%	9.39%	10.14%
Employees' Health Fund*	7.69%	7.60%	7.69%
Workers' Compensation	1.24%	1.06%	1.24%
Unemployment Compensation	0.02%	0.09%	0.02%
Social Security	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
Other Post-Employment Benefits	<u>14.33%</u>	<u>12.69%</u>	<u>14.33%</u>
Composite Rate	59.08%	57.48%	60.08%

<sup>\*</sup>Should only be used for budgeting purposes. Departments are instructed to charge actual costs as assessed through the payroll system.

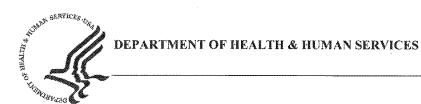
It is noted that for FY 19, the pension accumulation rates are as follows:

Job Category	Employer Contribution Rate	Statutory <u>Authorization</u>
General Employees	19.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	31.00%	Act 17, SLH 2017
Retiree – Return to Work General Employees	15.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	23.90%	Not Applicable*

<sup>\*</sup>Retiree – Return to Work rates are determined by the Actuary.

Should you have any questions or require further information, please contact me, or your staff may contact Mr. Neal Miyahira, Administrator of this department's Budget, Program Planning and Management Division, at 586-1530.

## Attachment



Program Support Center Financial Management Portfolio Cost Allocation Services

90 7th Street, Suite 4-600 San Francisco, CA 94103-6705 PHONE: (415) 437-7820 FAX: (415) 437-7823 EMAIL: CAS-SF@psc.hhs.gov

July 13, 2018

Wesley K. Machida Director of Finance Hawaii Department of Budget and Finance P.O. Box 150 Honolulu, HI 96810-0150

Dear Mr. Machida:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2018, a composite fringe benefit rate of 59.08% is approved with the exception listed below. The proposal submitted by the State's consultant, William Maus of MAXIMUS, was received on November 30, 2017. The following assessment rates should be used for the period beginning July 1, 2017:

18.00%
0.01%
6.20%
1.45%
7.69%*
10.14%
14.33%
1.24%
0.02%

<sup>\*</sup> The rate should only be used for budgeting purposes. The departments are instructed to charge actual costs as assessed through the payroll system.

The above rates will be published with your negotiated State-wide Cost Allocation Plan agreement for fiscal year 2018.

Sincerely,

Arif M. Karim - S

Digitally signed by Arif M. Karim - S

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Arif Karim, Director
Cost Allocation Services